



# Arizona State Retirement System

3300 North Central Avenue, Phoenix, AZ 85012

[WWW.AZASRS.GOV](http://WWW.AZASRS.GOV)

[AskMac@azasrs.gov](mailto:AskMac@azasrs.gov)

## **Special Notice**

### **ASRS Service Purchase requirements changing**

June 4, 2012

#### **Beginning August 2, members need only 5 years of service to initiate a service purchase request.**

The Service Purchase program allows active contributing members of the ASRS or members receiving a benefit from the ASRS Long Term Disability income plan to purchase certain types of credited service to be applied toward a retirement benefit.

Purchasing service may be advantageous because it will increase the amount of a member's lifetime pension benefit upon retirement.

Currently, a member must have 10 years of credited service prior to initiating a service purchase request. However, due to legislation passed in this most recent legislative session, beginning August 2, 2012, a member will be required to have 5 years of credited service before initiating a request.

Members nearing 5 years of service, and members with more than 5 years of service but less than 10 years as currently required, who are planning to retire soon may wish to consider whether to delay submitting their retirement application until August 2 or later to allow for the purchase of eligible service to add to their benefit formula calculation.

Pension benefits are calculated using the following formula: Total Credited Service x Graded Multiplier x Average Monthly Compensation. (The Graded Multiplier is a factor based on your total years of credited service at retirement and ranges from 2.10% to 2.30%.)

The ASRS uses the Actuarial Present Value method to calculate costs of providing future benefits. This ensures that the correct number of years of service is factored into the APV formula at the time of purchase and is cost-neutral to the overall ASRS trust.

A member should weigh the cost vs. benefits to determine if purchasing service will be beneficial to their individual situation. Members may wish to consult a financial planner to determine if service purchase would be in their financial interest.

Members are limited to a single active service purchase request for each of the categories of purchase, which include previously forfeited ASRS credited service; approved unpaid leaves of absence from an ASRS employer; military service, including National Guard and active military reserve time; and other public service employment, whether you participated in a retirement system while working or not.

The amount of service credit a member may purchase is limited to 5 years per type of service, except for previously forfeited service. Members may not purchase time for which they are receiving, or are eligible to receive, retirement benefits.

For more information, or to initiate a service purchase request, visit our website and click on the "Purchase Service" category located in the "I want to . . ." box on the homepage. There, you will find additional details, a request wizard and an online estimator that will be helpful in determining the costs and benefits of purchasing service.